

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

**INVESTIGATION INTO THE)
MEMBERSHIP OF LOUISVILLE)
GAS AND ELECTRIC)
AND KENTUCKY UTILITIES)
COMPANY IN THE MIDWEST)
INDEPENDENT TRANSMISSION)
SYSTEM OPERATOR, INC)**

CASE NO. 2003-00266

**POST HEARING BRIEF OF THE ATTORNEY GENERAL
FOLLOWING THE JULY 2005 HEARING**

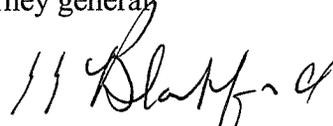
On July 20 and 21, 2005, the Commission conducted further hearings pertaining to whether LG&E and KU should continue to participate in MISO or should be granted authority to seek permission from FERC to leave MISO in light of the Day Two market. Matters seem no more certain now than they did when initial briefing was done in April 2004.

On behalf of MISO, Dr. McNamara explained that now that the market is up and running, the cost-benefit studies that preceded implementation of the market are essentially irrelevant; valuable only in that they estimated that continued participation would be beneficial to LG&E/KU, a fact MISO contends has been confirmed by the first months of actual operation of the market, but uncertain in their ability to predict the level of that benefit. Rebuttal and Cross-examination by the Companies demonstrated that the benefit, it any, of continued participation in MISO could well be transitory as new factors come into play and as costs not considered by MISO in its presentation of the benefit analysis are brought into the equation.

In light of this continued uncertainty, the Attorney General has no basis on which to make any recommendation that differs from that made in its initial brief.

Respectfully submitted

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NOTICE OF FILING AND CERTIFICATION OF SERVICE

I hereby give notice that I have filed the original and ten true copies of the foregoing with the Executive Director of the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 this the 6th day of September, 2005, and certify that this same day I have served the parties by mailing a true copy, postage prepaid, to the following

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